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Ky, U.S. Deny He Smuggled Opium

SAIGON (AP) — Both the U.S. Embassy and Vice President Nguyen Cao Ky today denied a report being investigated by a Senate subcommittee that the CIA fired Ky for smuggling opium in 1963.

The report, made to the Senate Foreign Expenditures subcommittee, said Ky commanded air crews to a secret CIA operation flying saboteurs to North Vietnam and took advantage of the setup to fly opium from Laos to Saigon.

The U.S. Embassy said there was "no truth in the story that Ky was removed from any position by any element of the U.S. government for opium smuggling or for any other reason." Asked if the embassy had any information connecting Ky with opium smuggling, an embassy spokesman said only: "There is no truth to the allegation."

Ky Laughs, Denies

"The vice president just laughed when he saw the story," said a spokesman for Ky. "He said it was groundless news, and there is no truth to it at all."

The spokesman added that Ky took part in the flights over North Vietnam, "but he would not get involved in smuggling. You know he pays no attention to matters about money."

The Senate subcommittee's staff director, Joseph Lippman, made the report available to the Associated Press in Washington with the stipulation that the source could not be identified.

Report Called Reliable

Lippman said the report was considered highly reliable. The subcommittee is headed by Sen.

Ernest Gruening, D-Alaska, a critic of U.S. involvement in Vietnam.

The author of the report said he was sent to Vietnam in March 1962 by an American company to serve as an inspector and as adviser to ground crews that maintained the aircraft used in sabotage missions.

The company, the report said, "was a fictitious company set up by the CIA and an airline operating from Saigon's Tan Son Nhut Air Base as a blind for a program called Operation Haylift."

"Operation Haylift was flying Vietnam agents into North Vietnam for the purpose of sabotage such as blowing up railroads, bridges, etc. When the program first began, the CIA engaged air crews and their commanding officer was Nguyen Ky, who is now vice president of South Vietnam."

"To make a long story short, Col. Key took advantage of this situation to fly opium from Laos to Saigon. If course the CIA removed Col. Ky and his flight crew and they were replaced by Chinese Air Force

pilots from Formosa.

"Also the Vietnam ground crews were replaced by Chinese mechanics."

Lippman refused to permit publication of the names of the American company which sent the informant to Vietnam or the airline operating out of Tan Son Nhut.

6 Men Named

The report named six men three purported to be CIA agents and three Air Force officers, as taking part in Operation Haylift.

"The CIA men connected with

this program were as follows: William Colby, who I understand is now the head of the Southeast Asia desk. Mr. Colby was later replaced by a John Richardson and also a Hank Shore, who now lives in Washington, D.C. Air Force officers involved were Col. Albert Blizzard, Maj. Heck and a Capt. Baines.

"All of these men worked out of the U.S. Embassy."

The State Department confirmed a William Colby is working on its South Vietnam desk and said he is on duty in that country.

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